

A RESOLUTION

BY: COUNCILMEMBER CEASAR C. MITCHELL

A RESOLUTION TO ENDORSE HR 3535 HOMEBUYER'S PROTECTION ACT OF 2007 PENDING IN THE UNITED STATES CONGRESS; TO URGE THE GEORGIA CONGRESSIONAL DELEGATION TO SUPPORT THE ACT; AND FOR OTHER PURPOSES.

WHEREAS, the number of foreclosure sales in metro Atlanta nearly tripled from 15,253 in 2000 to 44,971 in 2006, according to a report published by Equity Depot, an Atlanta company that tracks foreclosures; and

WHEREAS, a significant number of foreclosures is caused by subprime loans; and

WHEREAS, in July, 2007, Georgia had the second highest home foreclosure rate in the country with southwest Atlanta, DeKalb County and Clayton County having the highest rates of foreclosure in metro Atlanta, as reported in the Atlanta Journal-Constitution, dated September 9, 2007; and

WHEREAS, the epidemic of foreclosures has devastated thousands of homeowners across Atlanta, both financially and emotionally; and

WHEREAS, homeowners with subprime mortgage loans often face the following difficulties: (1) higher monthly payments after the initial rate adjustment; (2) additional expenses for property taxes and homeowners insurance that were not escrowed; and (3) incurring high refinancing fees; and

WHEREAS, as foreclosures depress property values, local governments will eventually be hit by a decrease in property tax revenues; and

WHEREAS, Representative Paul Hodes of New Hampshire introduced H.R. 3535, entitled "Homebuyer's Protection Act of 2007", in the House of Representatives on September 14, 2007; and

WHEREAS, reducing subprime foreclosures is the aim of the H.R. 3535, which will amend the Truth in Lending Act by requiring escrow accounts for the payment of property taxes and insurance for all subprime loans, and expand the coverage of appraisal requirements under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA, as follows:

SECTION 1: That the Atlanta City Council endorses H.R. 3535 (Homebuyer's Protection Act of 2007) pending in the United States Congress.

SECTION 2: That the Atlanta City Council urges the Georgia Congressional Delegation to support H.R. 3535, a copy of which is attached and made a part of this legislation.

SECTION 3: That the Municipal Clerk is hereby directed to forward a copy of this resolution to all members of the Georgia delegation in the United States Congress.

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Homebuyer's Protection Act of 2007 (Introduced in House)

HR 3535 IH

110th CONGRESS

1st Session

H. R. 3535

To amend the Truth in Lending Act to require escrow accounts for the payment of property taxes and insurance for all subprime loans, and to expand the coverage of the appraisal requirements under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES**September 14, 2007**

Mr. HODES (for himself and Ms. MOORE of Wisconsin) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Truth in Lending Act to require escrow accounts for the payment of property taxes and insurance for all subprime loans, and to expand the coverage of the appraisal requirements under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Homebuyer's Protection Act of 2007'.

SEC. 2. ESCROW ACCOUNTS REQUIRED FOR SUBPRIME LOANS.

(a) In General- Chapter 2 of the Truth in Lending Act (15 U.S.C. 1631 et seq.) is amended by inserting after section 129 the following new section:

'Sec. 129A. Escrow or impound accounts relating to certain consumer credit transactions

'(a) In General- A creditor, in connection with the formation or consummation of a subprime mortgage , shall establish, at the time of the consummation of such mortgage , an escrow or impound account for the payment of taxes and hazard insurance as provided in, and in accordance with, this section, unless such an account already exists.

'(b) Duration of Escrow or Impound Account- An escrow or impound account established pursuant to this section, shall remain in existence for as long as the subprime mortgage is outstanding.

'(c) Administration of Escrow or Impound Accounts- Except as may otherwise be provided for in this title or in regulations prescribed by the Board, escrow or impound accounts established pursuant to this section shall be established in an insured depository institution.

'(d) Disclosures Relating to Escrow or Impound Account-

'(1) IN GENERAL- In the case of any impound, trust, or escrow account that is subject to this section, the creditor shall disclose by written notice to the consumer within 3 business days before the consummation of the consumer credit transaction giving rise to such account the following information:

'(A) The fact that an escrow or impound account will be established at consummation of the transaction.

'(B) The amount required at closing to initially fund the escrow or impound account.

'(C) The amount in the initial year of the estimated taxes and hazard insurance premiums.

'(D) The estimated monthly amount payable for taxes and hazard insurance.

'(2) REGULATIONS- The Board shall prescribe by regulation the contents of the notice required in paragraph (1) no later than 90 days after the date of the enactment of the Homebuyer's Protection Act of 2007.

'(e) Hazard Insurance Defined- For purposes of this section, the term 'hazard insurance' shall have the same meaning as provided under the law of the State

where the real property securing the consumer credit transaction is located.'.

(b) Clerical Amendment- The table of sections for chapter 2 of the Truth in Lending Act is amended by inserting after the item relating to section 129 the following new item:

' 129A. Escrow or impound accounts relating to certain consumer credit transactions.'.

SEC. 3. SCOPE OF APPRAISAL REQUIREMENTS.

(a) In General- Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3331 et seq.) is amended by striking 'federally related transaction' and 'federally related transactions' each place each such term appears and inserting 'real estate related financial transaction' or 'real estate related financial transactions', as the case may be.

(b) Technical and Conforming Amendments-

(1) The heading of section 1120 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3349) is amended by striking 'federally related transactions' and inserting 'real estate related financial transactions'.

(2) Section 1121 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3350) is amended--

(A) by striking paragraph (4); and

(B) in paragraph (5), by striking 'any transaction involving' and inserting 'any consumer transaction involving'.

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